

**MINERSVILLE TOWN, UTAH**

**FINANCIAL STATEMENTS  
and  
SUPPLEMENTARY INFORMATION  
with  
INDEPENDENT AUDITOR'S REPORT**

**YEAR ENDED JUNE 30, 2005**

# MINERSVILLE TOWN, UTAH

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## FINANCIAL SECTION

# Wilson & Company

Certified Public Accountants / A Professional Corporation

## INDEPENDENT AUDITOR'S REPORT

The Honorable Town Council  
Minersville Town  
Minersville, Utah

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Minersville Town, Utah as of and for the year ended June 30, 2005 which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Minersville Town, Utah as of June 30, 2005 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 15, 2005, on our consideration of Minersville Town, Utah's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grants and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis, as listed in the financial section of the table of contents and budgetary comparison information on page 33 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Minersville Town, Utah's basic financial statements. The combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements of Minersville Town, Utah. The combining and individual nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

  
WILSON & COMPANY  
Certified Public Accountants

September 15, 2005  
Cedar City, Utah

## MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion of Minersville Town's financial performance provides an overview of the Town's financial activities for the year ending June 30, 2005. This report is in conjunction with the Town's financial statements.

### Financial Highlights

The assets of Minersville Town exceeded its liabilities as of the close of the most recent year by \$2,805,079 (*net assets*). Of this amount, \$678,089 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.

The government's total net assets decreased by \$2,496. The expenditures exceeded revenues and the adopted budgeted amounts for expenditures exceeded the actual expenditure amounts.

At the close of the current year, Minersville Town's government funds reported combined ending fund balances of \$160,582, a decrease of \$24,917 in comparison with the prior year. Of this total amount, \$160,582 is available for spending at the government's discretion (*unreserved fund balance*).

Minersville Town's total debt decreased by \$136,000 during the current year.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Minersville Town's basic financial statements. Minersville Town's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

### Government-wide financial statements

The *government-wide financial statements* are designed to provide readers with a broad overview of Minersville Town's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of Minersville Town's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of Minersville Town is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of Minersville Town that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities of Minersville Town include general government, public safety, highways & streets, sanitation, senior center and culture and recreation. The business-type activities of Minersville Town's are water and sewer services.

### **Fund financial statements**

A *fund* is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Minersville Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Minersville Town can be divided into two categories: governmental funds and enterprise funds.

### **Governmental funds**

*Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on balance of spendable resources available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.



Minersville Town maintains three governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund.

Minersville Town adopts an annual appropriated budget for its governmental fund. Budgetary comparison statements have been provided for the general fund to demonstrate compliance with those budgets.

Refer to the table of contents for the location of the basic governmental fund financial statements.

### **Proprietary funds**

Minersville Town maintains two proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. Minersville Town uses an enterprise fund to account for its water and sewer service operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewer services which are considered a major funds of the Town.

Refer to the table of contents for the location of the basic proprietary fund financial statements.

### **Notes to the financial statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes are part of the basic financial statements.

### **Other information**

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning Minersville Town.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information.

## Government-wide financial analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Minersville Town, assets exceeded liabilities by \$2,805,079 at the close of the most recent fiscal year.

By far the largest portion of Minersville Town's net assets (73 percent) reflects its investment in capital assets (e.g. land, buildings, machinery, equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding. Minersville Town uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although Minersville Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

At the end of the year, Minersville Town is able to report positive balances in both categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

### Minersville Town's Net Assets

	Governmental Activities		Business-type Activities	
	2004	2005	2004	2005
Current & other assets	233,578	231,772	613,058	606,552
Capital assets	392,296	414,510	2,565,165	2,488,446
Total assets	625,874	646,282	3,178,223	3,094,998
Long-term Liabilities outstanding	-	-	937,473	40,300
Other liabilities	51,523	74,428	60,300	821,473
Total liabilities	51,523	74,428	997,773	861,773
Net assets:				
Invested in cap. assets, net of debt	392,296	414,510	1,567,692	1,626,973
Restricted		2,670		82,837
Unrestricted	182,055	154,674	612,758	523,415
Total net assets	574,351	571,854	2,180,450	2,233,225

### Changes in Minersville Town's Net Assets

	Governmental Activities		Business-type Activities	
	2004	2005	2004	2005
<b>Revenues:</b>				
Program revenues				
Charges for services	54,982	58,751	258,107	256,654
Operating grants and contributions	77,235	78,459	458	-
General revenues				
Property taxes	35,505	33,967		
General sales and use taxes	65,031	66,564		
Franchise taxes	33,999	36,150		
Earnings on investments	7,262	13,235	1,807	2,141
Impact fees		1,042	820	5,037
Miscellaneous	274	1,325		
Total revenues	<u>274,288</u>	<u>289,493</u>	<u>261,192</u>	<u>263,832</u>
<b>Expenses:</b>				
General government	70,563	100,846		
Public Safety	36,889	38,290		
Highways & streets	51,673	33,505		
Sanitation	27,857	29,738		
Senior center	7,522	12,913		
Culture & recreation	70,425	76,697		
Water fund			137,175	143,882
Sewer fund			73,234	67,175
Total expenses	<u>264,929</u>	<u>291,989</u>	<u>210,409</u>	<u>211,057</u>
Increase in net assets	<u>9,359</u>	<u>(2,496)</u>	<u>50,783</u>	<u>52,775</u>

### Financial Analysis of the Government's Funds

As noted earlier, Minersville Town uses fund accounting to ensure and demonstrate compliance with finance-related requirements.

#### Governmental funds

The focus of Minersville Town's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing Minersville Town's financing requirements. In particular *unreserved fund balance*, which is available for spending at the government's discretion.

The general fund is the chief operating fund of Minersville Town. At the end of the current year, unreserved fund balance of the general fund was \$96,003, which is the total

fund balance. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures.

### **Proprietary funds**

Minersville Town's proprietary funds provides the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the water service fund at the end of the year amounted to \$387,665 and for the sewer fund was \$135,750.

### **General Fund Budgetary Highlights**

Differences between the original budget and the final amended budget of \$21,900 can be briefly summarized as follows:

- \$12,000 increase in general government
- \$4,500 increase in highways and streets
- \$3,500 increase in sanitation
- \$7,600 decrease in culture and recreation
- \$9,500 increase in transfers to other funds

Of this increase, the \$21,900 was funded out of prior year unreserved fund balance. During the year, however, actual revenues were less than budgeted revenues by \$24,541, and actual expenditures were less than budgeted expenditures by \$22,543.

### **Capital Asset and Debt Administration**

#### **Capital assets**

Minersville Town's investment in capital assets for its governmental activities as of June 30, 2005, amounts to \$414,510 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings and equipment.

Additional information on Minersville Town's capital assets can be found in the notes to the financial statements.

### **Long-term debt**

At the end of the current year, Minersville Town's had total debt outstanding of \$861,473. The debt represents bonds issued to finance water and sewer projects in prior years.

Additional information on Minersville Town's long-term debt can be found in the notes of the financial statements.

### **Requests for Information**

This financial report is designed to provide a general overview of Minersville Town's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Minersville Town, P. O. Box 159, Minersville, Utah, 84752.



## **BASIC FINANCIAL STATEMENTS**

**MINERSVILLE TOWN, UTAH**  
**Statement of Net Assets**  
June 30, 2005

	<b>Governmental Activities</b>	<b>Business Type Activities</b>	<b>Total</b>
<b>Assets:</b>			
Current assets:			
Cash & cash equivalents	\$ 205,219	\$ 579,140	\$ 784,359
Accounts receivable	3,228	27,412	30,640
Property tax receivable	23,325		23,325
Capital assets, net of accumulated depreciation	414,510	2,488,446	2,902,956
<b>Total assets</b>	<b>646,282</b>	<b>3,094,998</b>	<b>3,741,280</b>
<b>Liabilities and Net Assets</b>			
<b>Liabilities :</b>			
Accounts payable	34,856	300	35,156
Payroll taxes payable	1,642		1,642
Wages payable	11,367		11,367
Compensated absences payable	3,238		3,238
Deferred revenue property tax receivable	23,325		23,325
Bonds payable			-
Portion due within one year		40,000	40,000
Portion due after one year		821,473	821,473
<b>Total liabilities</b>	<b>74,428</b>	<b>861,773</b>	<b>936,201</b>
<b>Net Assets:</b>			
Invested in capital assets, net of related debt	414,510	1,626,973	2,041,483
Restricted for:			
Debt service		80,013	80,013
Community development	2,670		2,670
Other purposes		2,824	2,824
Unrestricted	154,674	523,415	678,089
<b>Total net assets</b>	<b>\$ 571,854</b>	<b>\$ 2,233,225</b>	<b>\$ 2,805,079</b>

The notes to the financial statements are an integral part of this statement.

**MINERSVILLE TOWN, UTAH**  
**Statement of Activities**  
Year Ended June 30, 2005

Functions	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
General government	\$ 100,846	\$ 7,945	\$ -	\$ -	\$ (92,901)
Public Safety	38,290	7,928	1,008		(29,354)
Highways & streets	33,505		39,637		6,132
Sanitation	29,738	31,018			1,280
Senior center	12,913	190			(12,723)
Culture & recreation	76,697	11,670	37,814		(27,213)
Total governmental activities	291,989	58,751	78,459	-	(154,779)
Business-type activities:					
Water Fund	143,882	161,250			17,368
Sewer Fund	67,175	95,404			28,229
Total business-type activities	211,057	256,654	-	-	45,597
Total government	\$ 503,046	\$ 315,405	\$ 78,459	\$ -	\$ (109,182)

(Continued on page 12)



**MINERSVILLE TOWN, UTAH**  
**Statement of Activities**  
Year Ended June 30, 2005

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>Changes in net assets</b>			
<b>Net (expense) revenue from previous page</b>	\$ (154,779)	\$ 45,597	\$ (109,182)
<b>General revenues:</b>			
Taxes:			
Property taxes	33,967		33,967
General sales and use taxes	66,564		66,564
Franchise taxes	36,150		36,150
Earnings on investments	13,235	2,141	15,376
Impact fees	1,042	5,037	6,079
Miscellaneous	1,325		1,325
<b>Total general revenues and transfers</b>	<u>152,283</u>	<u>7,178</u>	<u>159,461</u>
Increase in net assets	(2,496)	52,775	50,279
<b>Net assets - beginning</b>	<u>574,350</u>	<u>2,180,450</u>	<u>2,754,800</u>
<b>Net assets - ending</b>	<u>\$ 571,854</u>	<u>\$ 2,233,225</u>	<u>\$ 2,805,079</u>

The notes to the financial statements are an integral part of this statement.

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## FUND FINANCIAL STATEMENTS

**MINERSVILLE TOWN, UTAH****Balance Sheet****Governmental Funds**

June 30, 2005

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>			
Cash & cash equivalents	\$ 140,640	\$ 64,579	\$ 205,219
Accounts receivables	3,228		3,228
Total assets	<u>\$ 143,868</u>	<u>\$ 64,579</u>	<u>\$ 208,447</u>
<b>Liabilities:</b>			
Accounts payable	\$ 34,856	\$ -	\$ 34,856
Payroll taxes payable	1,642		1,642
Wages payable	11,367		11,367
Total liabilities	<u>47,865</u>	<u>-</u>	<u>47,865</u>
<b>Fund balances:</b>			
Reserved	2,670		2,670
Unreserved, undesignated	93,333	64,579	157,912
Total fund balances	96,003	64,579	160,582
Total liabilities and fund balances	<u>\$ 143,868</u>	<u>\$ 64,579</u>	<u>\$ 208,447</u>

The notes to the financial statements are an integral part of this statement.

**MINERSVILLE TOWN, UTAH**  
**Reconciliation of the Balance Sheet of Governmental Funds**  
**to the Statement of Net Assets**  
**June 30, 2005**

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Amounts reported for governmental activities in the statement of net assets are different because:

<b>Total fund balance - governmental funds</b>	\$ 160,582
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$717,210 and the accumulated depreciation is \$302,700	414,510
Compensated absences payable	(3,238)
<b>Total net assets - governmental activities</b>	<u><u>\$ 571,854</u></u>

The notes to the financial statements are an integral part of this statement.

**MINERSVILLE TOWN, UTAH**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
Year Ended June 30, 2005

	General	Other Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>			
Property taxes	\$ 33,967	\$ -	\$ 33,967
Sales and use taxes	66,564		66,564
Franchise taxes	36,150		36,150
Licenses and permits	570		570
Intergovernmental revenues	73,084		73,084
Charges for services	38,886	2,300	41,186
Interest earnings	11,673	1,562	13,235
Miscellaneous revenues	19,736	5,000	24,736
Total revenues	<u>280,630</u>	<u>8,862</u>	<u>289,492</u>
<b>EXPENDITURES:</b>			
General government	98,162	-	98,162
Public Safety	35,494	-	35,494
Highways & streets	43,935	-	43,935
Sanitation	29,738	-	29,738
Senior Center	7,445		7,445
Culture & recreation	69,762		69,762
Capital expenditures		29,873	29,873
Total expenditures	<u>284,536</u>	<u>29,873</u>	<u>314,409</u>
Excess of revenues over (under) expenditures	<u>(3,906)</u>	<u>(21,011)</u>	<u>(24,917)</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Operating transfers in		20,635	20,635
Operating transfers out	(20,635)	-	(20,635)
Total other financing sources (uses)	<u>(20,635)</u>	<u>20,635</u>	<u>-</u>
Excess of revenues and other sources over (under) expenditures and other uses	(24,541)	(376)	(24,917)
FUND BALANCES JULY 1	120,544	64,955	185,499
FUND BALANCES JUNE 30	<u>\$ 96,003</u>	<u>\$ 64,579</u>	<u>\$ 160,582</u>

The notes to the financial statements are an integral part of this statement.

**MINERSVILLE TOWN, UTAH**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in**  
**Fund Balances of Governmental Funds to the Statement of Activities**  
**Year Ended June 30, 2005**

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Amounts reported for governmental activities in the statement of activities are different because:

<b>Net change in fund balances-total governmental funds</b>	<b>\$ (24,917)</b>
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with an initial, individual cost of more than \$5,000 are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlays	50,612	
Depreciation expense	<u>(28,398)</u>	
		22,214

Decrease in compensated absences	207
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<b>Change in net assets of governmental activities</b>	<b><u>\$ (2,496)</u></b>
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The notes to the financial statements are an integral part of this statement.

**MINERSVILLE TOWN, UTAH**  
**Statement of Net Assets**  
**Major Proprietary Funds**  
**June 30, 2005**

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
<b>Assets</b>			
Current assets:			
Cash & cash equivalents	\$ 393,212	\$ 185,928	\$ 579,140
Accounts receivable (net of allowance)	18,156	9,256	27,412
Total current assets	<u>411,368</u>	<u>195,184</u>	<u>606,552</u>
Long-term assets:			
Capital assets, net of accumulated depreciation	1,378,892	1,109,554	2,488,446
Total long-term assets	<u>1,378,892</u>	<u>1,109,554</u>	<u>2,488,446</u>
Total assets	<u>1,790,260</u>	<u>1,304,738</u>	<u>3,094,998</u>
<b>Liabilities and Net Assets</b>			
<b>Liabilities :</b>			
Current liabilities:			
Accounts payable	300		300
Bonds payable within one year	18,000	22,000	40,000
Total current liabilities	<u>18,300</u>	<u>22,000</u>	<u>40,300</u>
Long-term liabilities:			
Bonds payable after one year	417,000	404,473	821,473
Total long-term liabilities	<u>417,000</u>	<u>404,473</u>	<u>821,473</u>
Total liabilities	<u>435,300</u>	<u>426,473</u>	<u>861,773</u>
<b>Net assets:</b>			
Invested in capital assets, net of related debt	943,892	683,081	1,626,973
Restricted for:			
Debt service	23,276	56,737	80,013
Other purposes	127	2,697	2,824
Unrestricted	387,665	135,750	523,415
Total net assets	<u>\$ 1,354,960</u>	<u>\$ 878,265</u>	<u>\$ 2,233,225</u>

The notes to the financial statements are an integral part of this statement.

**MINERSVILLE TOWN, UTAH**  
**Statement of Revenues, Expenses and Changes in Net Assets**  
**Major Proprietary Funds**  
**Year Ended June 30, 2005**

	<b>Water Fund</b>	<b>Sewer Fund</b>	<b>Total</b>
<b>Operating revenues:</b>			
Net revenue	\$ 160,619	\$ 95,404	\$ 256,023
Total operating revenues	<u>160,619</u>	<u>95,404</u>	<u>256,023</u>
<b>Operating expenses:</b>			
Salaries & wages	28,303	4,125	32,428
Employee benefits	13,786	2,008	15,794
Operating supplies & maintenance	8,641	68	8,709
Utilities	31,309	72	31,381
Professional and technical services	3,699		3,699
Other	1,153		1,153
Depreciation	42,767	45,646	88,413
Total operating expenses	<u>129,658</u>	<u>51,919</u>	<u>181,577</u>
Operating income (loss)	<u>30,961</u>	<u>43,485</u>	<u>74,446</u>
<b>Nonoperating income (expense):</b>			
Interest Revenue	585	1,556	2,141
Impact Fees	3,750	1,287	5,037
Connection fees	631		631
Interest Expenses	<u>(14,224)</u>	<u>(15,256)</u>	<u>(29,480)</u>
Total nonoperating income	<u>(9,258)</u>	<u>(12,413)</u>	<u>(21,671)</u>
Net income (loss) before transfers	<u>21,703</u>	<u>31,072</u>	<u>52,775</u>
Change in net assets	21,703	31,072	52,775
Net assets - beginning	1,333,257	847,193	2,180,450
Net assets - ending	<u>\$ 1,354,960</u>	<u>\$ 878,265</u>	<u>\$ 2,233,225</u>

The notes to the financial statements are an integral part of this statement.



**MINERSVILLE TOWN, UTAH**  
**Statement of Cash Flows**  
**Major Proprietary Funds**  
**Year Ended June 30, 2005**

	<b>Water Fund</b>	<b>Sewer Fund</b>	<b>Total</b>
<b>Cash flows from operating activities:</b>			
Cash received from customers	\$ 161,268	\$ 95,609	\$ 256,877
Cash payments to suppliers for goods and services	(44,802)	(140)	(44,942)
Cash payments to employees for services	(42,089)	(6,133)	(48,222)
Net cash provided (used) by operating activities	<u>74,377</u>	<u>89,336</u>	<u>163,713</u>
<b>Cash flows from noncapital financing activities:</b>			
Operating transfers from other funds	-		-
Net cash (used) by noncapital financing activities	<u>-</u>		<u>-</u>
<b>Cash flows from capital and related financing activities:</b>			
Cash received from impact & connection fees	4,381	1,287	5,668
Other receipts (payments)	-	-	-
Acquisition of capital assets	(11,694)	-	(11,694)
Interest paid on capital debt	(14,224)	(15,256)	(29,480)
Principal paid on capital debt	(18,000)	(118,000)	(136,000)
Net cash (used) by capital and related activities	<u>(39,537)</u>	<u>(131,969)</u>	<u>(171,506)</u>
<b>Cash flows from investing activities</b>			
Interest received	585	1,556	2,141
Net cash (used) by investing activities	<u>585</u>	<u>1,556</u>	<u>2,141</u>
Net increase in cash and cash equivalents	<u>35,425</u>	<u>(41,077)</u>	<u>(5,652)</u>
<b>Cash and Cash Equivalents - Beginning</b>	<u>357,787</u>	<u>227,005</u>	<u>584,792</u>
<b>Cash and Cash Equivalents - Ending</b>	<u>\$ 393,212</u>	<u>\$ 185,928</u>	<u>\$ 579,140</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>			
Operating income (loss)	\$ 30,961	\$ 43,485	\$ 74,446
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			-
Depreciation expense	42,767	45,646	88,413
Increase decrease accounts receivable	649	205	854
Increase decrease in accounts payable	-		-
Total adjustments	<u>43,416</u>	<u>45,851</u>	<u>89,267</u>
Net cash provided (used) by operating activities	<u>\$ 74,377</u>	<u>\$ 89,336</u>	<u>\$ 163,713</u>

The notes to the financial statements are an integral part of this statement.

**MINERSVILLE TOWN, UTAH**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2005**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying basic financial statements of Minersville Town have been prepared in conformity with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board.

The accompanying basic financial statements present the financial position of various fund types and account groups and the results of operations of the various fund types. The basic financial statements are presented for the year ended June 30, 2005.

**A. Reporting Entity**

For financial reporting purposes, Minersville Town has included all funds and account groups. The Town has also considered all potential component units for which it is financially accountable and that exclusion would cause the Town's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the Town to impose its will on that organization or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the Town.

Based on the above criteria, the Town has no component units and is not a component unit of any other government.

**B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., statement of net assets and statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

**MINERSVILLE TOWN, UTAH**  
**NOTES TO FINANCIAL STATEMENT**  
June 30, 2005

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**C: Measurement Focus, Basis of Accounting and Basis of Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and accrual basis of accounting as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, Minersville Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Sales taxes, property taxes, franchise taxes, licenses and interest associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The government reports the following major proprietary funds:

The Water Fund accounts for the activities of the Town's water distribution system.

The Sewer Fund accounts for the activities of the Town's sewer collection system.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of all enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds includes the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the

**MINERSVILLE TOWN, UTAH**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2005**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

**D: Assets, Liabilities and Net Assets or Equity**

**Deposits and Investments:**

The government's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the government to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements and the State Treasurer's Investment Pool.

Investments for the government, as well as for its component units, are reported at fair value. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

**Capital Assets:**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment of the primary government, as well as the component units, is depreciated using the straight line method over the following estimated useful lives:

Buildings	40 Years
Improvements Other Than Buildings	20 Years
Equipment	5 Years

As allowed by GASB Statement 34, the Town has elected to report infrastructure on a prospective basis.

**MINERSVILLE TOWN, UTAH**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2005**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**Compensated Absences:**

The Town has a policy which allows full time employees to accumulate vacation pay and comp-time. The Town allows vacation hours to accumulate up to a maximum of 40 hours payable at termination. The maximum comp-time payable is 40 hours.

**Long-Term Obligations:**

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets.

In the fund financial statement, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, if any, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**Fund Equity:**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**E. Reconciliation of Government-Wide and Fund Financial Statements:**

- A. Explanation of certain differences between the governments fund balance sheet and the government-wide statement of net assets.**

The governmental fund balance sheet includes a reconciliation between total governmental fund balances and net assets of governmental activities as reported in the government-wide statement of net assets. These differences primarily result from the long-term economic focus of the statement of net assets versus the current financial resources focus of the governmental fund balance sheets.

**Capital related items:**

When capital assets (property, plant, & equipment) that are to be used in governmental activities are purchased or constructed, the cost of those assets are reported as expenditures in governmental funds. However, the statement of net assets includes those capital assets among the assets of the Town as a whole.

**MINERSVILLE TOWN, UTAH**  
**NOTES TO FINANCIAL STATEMENT**  
June 30, 2005

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

Cost of capital assets	\$ 717,210
Accumulated depreciation	<u>( 302,700)</u>
Total difference	<u>\$ 414,510</u>

Long-term liabilities:

Long-term liabilities are not due and payable in the current period and therefore are not reported in the fund financial statements.

Compensated absences	\$ ( 3,238)
Total difference	<u>\$ ( 3,238)</u>

**B. Explanation of differences between governmental fund operating statements and the statement of net activities.**

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. The first element of this reconciliation states that capital outlays are reported in the governmental funds as expenditures while the government-wide statement of activities allocates these costs over the useful lives of the assets as depreciation. While shown in the reconciliation as the net differences, the elements of this difference are as follows:

Capital outlay	\$ 50,612
Depreciation expense	<u>( 28,398)</u>
Net difference as reported	<u>\$ 22,214</u>
Decrease in compensated absences	\$ 206
Net difference as reported	<u>\$ 206</u>

**F: Use of Estimates:**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**MINERSVILLE TOWN, UTAH**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2005**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**G: Property Tax:**

Beaver County assesses all taxable property other than centrally-assessed property, which is assessed through the state, by May 22 of each year. The Town should adopt a final tax rate prior to June 22, which is then submitted to the state for approval. Property taxes are due on November 30 of each year. Delinquent taxes are subject to a penalty of 2% or \$10.00, whichever is greater. After January 15 of the following year, delinquent taxes and penalty bear interest of 6% above the federal discount rate from January 1 until paid.

Property taxes attach as an enforceable lien on property as they become delinquent. All unpaid taxes levied during the year become delinquent December 1 of the current year.

Property tax revenues are recognized when they become measurable and available. Amounts available include those property tax receivables expected to be collected within sixty days after year end.

**H: Budgets**

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual budgets are adopted for governmental and proprietary fund types. Encumbrance accounting is not employed by the Town in its governmental funds, therefore, all annual appropriations lapse at fiscal year end.

The Town can make adjustments to the adopted budget through public hearings. During the fiscal year, the Town made budget adjustments through public hearings the effects of which were material and are reflected in management's discussion and analysis.

**I: Statement of Cash Flows:**

For the purpose of the Statement of Cash Flows, the Water and Sewer Utility Funds consider all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

**NOTE 2: CASH AND INVESTMENTS**

The Town maintains a cash and investment pool, which includes the cash account and several investments.

The Town's deposit and investment policy is to follow the Utah Money Management Act. However, the Town does not have a separate deposit or investment policy that addresses specific types of deposit and investment risks to which the Town is exposed.

**MINERSVILLE TOWN, UTAH**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2005**

**NOTE 2: CASH AND INVESTMENTS - CONTINUED**

Utah State law requires that Town funds be deposited with a "qualified depository" as defined by the Utah Money Management Act. "Qualified depository" includes any depository institution which has been certified by the Utah State Commissioner of Financial Institutions as having met the requirements as defined in Rule 11 of the Utah Money Management Act. Rule 11 establishes the formula for determining the amount of public funds which a qualified depository may hold in order to minimize risk of loss and defines capital requirements which an institution must maintain to be eligible to accept public funds.

The Utah Money Management Act also governs the scope of securities allowed as appropriate temporary investments for the Town and conditions for making investment transactions. Investment transactions are to be conducted through qualified depositories or primary reporting dealers.

As of June 30, 2005, the Town had the following deposits and investments:

<u>Deposit and investment type</u>	<u>Fair Value</u>
Cash on deposit	\$ 162,592
State Treasurer's investment pool	<u>621,767</u>
	<u>\$ 784,359</u>

*Interest rate risk.* The Town manages its exposure to declines in fair value by only investing in the Utah Public Treasurers Investment Fund.

*Credit risk.* As of June 30, 2005 the Utah Public Treasurer's Investment Fund was unrated.

*Concentration of credit Risk.* The Town's investment in the Utah Public Treasurer's Investment Fund has no concentration of credit risk.

*Custodial credit risk - deposits.* In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. As of June 30, 2005 \$62,592 of the deposits was exposed to custodial credit risk because it was uninsured or uncollateralized.

*Custodial credit risk - investments.* For an investment, this is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments that are in the possession of an outside party. The Town's investment in the Utah Public Treasurer's Investment Fund has no custodial credit risk.

Components of cash and investments (including interest earning deposits) at June 30, 2005, are as follows:



**MINERSVILLE TOWN, UTAH**  
**NOTES TO FINANCIAL STATEMENT**  
June 30, 2005

**NOTE 2: CASH AND INVESTMENTS - CONTINUED**

Cash on hand and on deposit:

Cash on deposit	\$ 162,592
Utah State Treasurer's investment pool account	<u>621,767</u>

Total cash and investments	<u>\$ 784,359</u>
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Cash and investments are included in the accompanying combined statement of net assets as follows:

Cash and cash equivalents	<u>\$ 784,359</u>
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Total cash and investments	<u>\$ 784,359</u>
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**NOTE 3. COMPENSATED ABSENCES:**

Compensated absences of Minersville Town represent accrued vacation pay at June 30, 2005, in the amount of \$3,238.

**NOTE 4. CAPITAL ASSETS:**

Capital asset activity for the year ended June 30, 2005 was as follows:

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
<b>Governmental activities:</b>				
Capital assets, not being depreciated				
Land	\$ 250	\$	\$	\$ 250
Total capital assets, not being depreciated	<u>250</u>			<u>250</u>
Capital assets, being depreciated:				
Buildings	409,909	27,690		437,599
Improvements other than buildings	137,370	22,922		160,292
Machinery & Equipment	119,069			119,069
Total capital assets, being depreciated	<u>666,348</u>	<u>50,612</u>		<u>716,960</u>

**MINERSVILLE TOWN, UTAH**  
**NOTES TO FINANCIAL STATEMENT**  
June 30, 2005

**NOTE 4. CAPITAL ASSETS - CONTINUED**

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Accumulated depreciation for:				
Buildings	111,647	15,763		127,410
Improvements other than buildings	65,796	7,608		73,404
Machinery & Equipment	96,859	5,027		101,886
Total accumulated depreciation	274,302	28,398		302,700
Total capital assets, being depreciated, net	392,046	22,214		414,260
Governmental activities capital assets, net	<u>\$ 392,296</u>	<u>\$ 22,214</u>	<u>\$</u>	<u>\$ 414,510</u>

**Business type activities:**

Capital assets, not being depreciated

Land	10,050			10,050
Construction in progress				
Total capital assets, not being depreciated	<u>10,050</u>			<u>10,050</u>

Capital assets, being depreciated:

Buildings	6,866			6,866
Improvements other than buildings	3,732,944	9,130		3,742,074
Machinery & Equipment	42,213	2,564		44,777
Total capital assets, being depreciated	<u>3,782,023</u>	<u>11,694</u>		<u>3,793,717</u>

Accumulated depreciation for:

Buildings	6,179	343		6,522
Improvements other than buildings	1,199,758	83,586		1,283,344
Machinery & Equipment	20,971	4,484		25,455
Total accumulated depreciation	1,226,908	88,413		1,315,321
Total capital assets, being depreciated, net	2,555,115	(76,719)		2,478,396
Governmental activities capital assets, net	<u>\$ 2,565,165</u>	<u>\$ (76,719)</u>		<u>\$2,488,446</u>

**MINERSVILLE TOWN, UTAH**  
**NOTES TO FINANCIAL STATEMENT**  
June 30, 2005

**NOTE 4. CAPITAL ASSETS - CONTINUED**

Depreciation was charged to functions as follows:

General government	\$ 2,890
Public safety	2,796
Highways & Streets	10,308
Senior Center	5,468
Culture & recreation	6,936
Total	<u>\$ 28,398</u>

**NOTE 5. CHANGES IN LONG-TERM DEBT:**

The following is a summary of long-term debt transactions of the Town for the fiscal year ended June 30, 2005:

	Balance Beginning of Year	Additions	Retirements	Balance End of Year
Revenue Bonds	\$ 997,473		\$ 136,000	\$ 861,473
	<u>\$ 997,473</u>		<u>\$ 136,000</u>	<u>\$ 861,473</u>

**MINERSVILLE TOWN, UTAH**  
**NOTES TO FINANCIAL STATEMENT**  
June 30, 2005

**NOTE 5. CHANGES IN LONG-TERM DEBT - CONTINUED**

\$470,000 Water Revenue Bond Series 2001

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Amount</u>	<u>Total Amount</u>
2006	\$ 18,000	\$ 13,659	\$ 31,659
2007	19,000	13,094	32,094
2008	20,000	12,497	32,497
2009	20,000	11,869	31,869
2010	21,000	11,241	32,241
2011	21,000	10,582	31,582
2012	22,000	9,922	31,922
2013	23,000	9,232	32,232
2014	23,000	8,059	31,059
2015	24,000	7,787	31,787
2016	25,000	7,034	32,034
2017	26,000	6,249	32,249
2018	27,000	5,432	32,432
2019	27,000	4,584	31,584
2020	28,000	3,737	31,737
2021	29,000	2,857	31,857
2022	31,000	1,947	32,947
2023	31,000	973	31,973
Total	<u>\$ 435,000</u>	<u>\$ 140,755</u>	<u>\$ 575,755</u>

**MINERSVILLE TOWN, UTAH**  
**NOTES TO FINANCIAL STATEMENT**  
June 30, 2005

**NOTE 5. CHANGES IN LONG-TERM DEBT - CONTINUED:**

**\$525,000 Parity Sewer Revenue Bonds**  
**Series 1999**

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Amount</u>	<u>Total Amount</u>
2006	\$ 22,000	\$ 4,265	\$ 26,265
2007	22,000	4,045	26,045
2008	23,000	3,825	26,825
2009	23,000	3,595	26,595
2010	24,000	3,365	27,365
2011	30,000	3,125	33,125
2012	30,000	2,825	32,825
2013	30,000	2,525	32,525
2014	30,000	2,225	32,225
2015	32,000	1,925	33,925
2016	32,000	1,605	33,605
2017	32,000	1,285	33,285
2018	33,000	965	33,965
2019	33,000	635	33,635
2020	30,473	305	30,778
Total	<u>\$ 426,473</u>	<u>\$ 36,515</u>	<u>\$ 462,988</u>

**NOTE 6. DEFINED BENEFIT PENSION PLAN:**

**Plan Description:** Minersville Town, Utah contributes to the Local Governmental Noncontributory Retirement System which is part of the cost-sharing multiple-employer defined benefit pension plans administered by the Utah Retirement Systems (Systems). Utah Retirement Systems provide refunds, retirement benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries in accordance with retirement statutes.

The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953 as amended. The Utah State Retirement Office Act in Chapter 49 provides for the administration of the Utah Retirement Systems and Plans under the direction of the Utah

**MINERSVILLE TOWN, UTAH**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2005**

**NOTE 6. DEFINED BENEFIT PENSION PLAN - CONTINUED**

State Retirement Board (Board) whose members are appointed by the Governor. The Systems issue a publicly available financial report that includes financial statements and required supplementary information for the Local Governmental Contributory Retirement System, Local Governmental Noncontributory Retirement System, Public Safety and Firefighters Retirement Systems for employers with (without) Social Security coverage. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 So. Salt Lake City, Utah 84102 or by calling 1-800-365-8772.

Funding Policy: In the Local Governmental Noncontributory Retirement System Minersville Town, Utah is required to contribute 11.09% of their annual covered salary. The contribution rates are the actuarially determined rates. The contribution requirements of the Systems are authorized by statute and specified by the Board.

Minersville Town, Utah contributions to the Noncontributory Retirement System for June 30, 2005, 2004 and 2003 were \$7,413, \$6,351 and \$5,040 respectively. The contributions were equal to the required contributions for each year.

**NOTE 7. RISK MANAGEMENT**

Minersville Town, Utah is subject to various types of risk such as tort actions, theft, damage, or destruction of assets by intent or acts of God, and job related illnesses or injury.

The Town has procured commercial insurance coverage and Workman's Compensation Insurance which in the Town's estimation, is adequate to reduce the risk of loss to a manageable level..

**NOTE 8. LITIGATION**

The Town is involved in litigation involving two insurance subrogation claims by insurance companies for damages to homes in the Town. The Town is represented by its insurance carrier and it is not expected the outcome will have a financial effect on the Town.

**REQUIRED SUPPLEMENTARY INFORMATION**

**(Unaudited)**

**MINERSVILLE TOWN, UTAH**  
**Budgetary Comparison Schedule**  
**General Fund**  
Year Ended June 30, 2005

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget -</b>
				<b>Positive</b>
				<b>(Negative)</b>
Budgetary fund balance, July 1	\$ 120,544	\$ 120,544	\$ 120,544	\$ -
Resources (inflows):				
Property taxes	35,100	35,100	33,967	(1,133)
Sales and use taxes	64,000	64,000	66,564	2,564
Franchise taxes	33,000	33,000	36,150	3,150
Licenses and permits	600	600	570	(30)
Intergovernmental revenues	75,200	72,908	73,084	176
Charges for services	45,300	38,800	38,886	86
Interest earnings	6,000	10,200	11,673	1,473
Miscellaneous revenues	8,000	17,300	19,736	2,436
Amounts available for appropriation	<u>387,744</u>	<u>392,452</u>	<u>401,174</u>	<u>8,722</u>
Charges to appropriations (outflows):				
General government	87,000	99,000	98,162	838
Public Safety	41,000	41,000	35,494	5,506
Highways & streets	53,000	57,500	43,935	13,565
Sanitation	30,000	30,000	29,738	262
Senior Center	5,000	8,500	7,445	1,055
Culture & recreation	82,000	74,400	69,762	4,638
Operating transfers out	4,814	14,314	20,635	(6,321)
Total charges to appropriations	<u>302,814</u>	<u>324,714</u>	<u>305,171</u>	<u>19,543</u>
Budgetary fund balance, June 30	<u>\$ 84,930</u>	<u>\$ 67,738</u>	<u>\$ 96,003</u>	<u>\$ 28,265</u>

The notes to the financial statements are an integral part of this statement.



**COMBINING FINANCIAL STATEMENTS  
AND SCHEDULES**

**MINERSVILLE TOWN, UTAH**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
Year Ended June 30, 2005

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	<b>Capital Project Fund</b>	<b>Cemetery Perpetual Care Fund</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Assets:</b>			
Cash & cash equivalents	\$ 34,316	\$ 30,263	\$ 64,579
Total assets	<u>\$ 34,316</u>	<u>\$ 30,263</u>	<u>\$ 64,579</u>
<b>Fund balances:</b>			
Reserved			
Unreserved, undesignated	<u>\$ 34,316</u>	<u>\$ 30,263</u>	<u>\$ 64,579</u>
Total fund balances	<u>34,316</u>	<u>30,263</u>	<u>64,579</u>
Total liabilities and fund balances	<u>\$ 34,316</u>	<u>\$ 30,263</u>	<u>\$ 64,579</u>

**MINERSVILLE TOWN, UTAH**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
Year Ended June 30, 2005

	Capital Project Fund	Cemetery Perpetual Care Fund	Nonmajor Governmental Funds
REVENUES:			
Interest earnings	\$ 835	\$ 727	\$ 1,562
Charges for services		2,300	2,300
Miscellaneous revenue	5,000		5,000
Total Revenues	<u>5,835</u>	<u>3,027</u>	<u>8,862</u>
EXPENDITURES:			
General government			
Highways & streets			
Sanitation			
Culture & recreation			
Capital outlay	29,873		29,873
Total Expenditures	<u>29,873</u>		<u>29,873</u>
Excess of Revenues over (under) Expenditures	<u>(24,038)</u>	<u>3,027</u>	<u>(21,011)</u>
OTHER FINANCING SOURCES (USES):			
Debt proceeds			
Operating transfers in	20,635		20,635
Operating transfers out			
Sale of fixed assets			
Total Other Financing Sources (Uses)	<u>20,635</u>		<u>20,635</u>
Excess of revenues and other sources over (under) expenditures and other uses	<u>(3,403)</u>	<u>3,027</u>	<u>(376)</u>
FUND BALANCES JULY 1	37,719	27,236	64,955
FUND BALANCES JUNE 30	<u>\$ 34,316</u>	<u>\$ 30,263</u>	<u>\$ 64,579</u>

**MINERSVILLE TOWN, UTAH**  
**SEWER SYSTEM INFORMATION**  
June 30, 2005

Insurance:

The Town maintained insurance policies and fidelity bonds in sufficient amount to protect the Town from loss or liability.

Sewer Statistics:

Total Sewer System connections = 275

Net Revenues:

Net revenues equaled 2.8014 times aggregate debt service.

Average billing for service:

\$29.00 per month

## COMPLIANCE SECTION

# *Wilson & Company*

Certified Public Accountants / A Professional Corporation

## REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Honorable Town Council  
Minersville Town  
Minersville, Utah

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Minersville Town, Utah as of and for the year ended June 30, 2005, which collectively comprise Minersville Town, Utah's basic financial statements and have issued our report thereon dated September 15, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Minersville Town, Utah's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting, which we have reported to management of Minersville Town, Utah in a separate letter dated October 31, 2005.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Minersville Town, Utah's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly,

Minersville Town, Utah

Page 2

we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain matters that we reported to management of Minersville Town, Utah in a separate letter dated October 31, 2005.

This report is intended solely for the information and use of the management of Minersville Town, Utah, and applicable federal and state funding and auditing agencies and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Wilson & Company".

WILSON & COMPANY

Certified Public Accountants

Cedar City, Utah

September 15, 2005

# *Wilson & Company*

Certified Public Accountants / A Professional Corporation

## **MINERSVILLE TOWN, UTAH AUDITOR'S REPORT ON COMPLIANCE WITH STATE FISCAL LAWS For the Year Ended June 30, 2005**

The Honorable Town Council  
Minersville Town  
Minersville, Utah

We have audited the general purpose financial statements of Minersville Town, Utah, for the year ended June 30, 2005 and have issued our report thereon dated September 15, 2005. As part of our audit, we have audited Minersville Town's compliance with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; and special tests and provisions applicable to each of its major State assistance programs as required by the State of Utah's Legal Compliance Audit Guide for the year ended June 30, 2005. The Town received the following major State assistance programs from the State of Utah:

C Road Funds (Department of Transportation)	\$ 39,637
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Our audit also included testwork on the Town's compliance with those general compliance requirements identified in the Compliance manual for Audits of Local Governments in Utah including:

- Public Debt
- Cash Management
- Purchasing Requirements
- Budgetary Compliance
- Property Tax
- Liquor Law Enforcement
- Other Compliance Requirements

The management of Minersville Town, Utah is responsible for the Town's compliance with all compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis evidence about the Town's compliance with the requirements. We believe that our audit provides a reasonable basis for our opinion.



Minersville Town, Utah

Page 2

The results of our audit procedures disclosed immaterial instances of noncompliance with requirements referred to above, which are described in the accompanying management letter. We considered these instances of noncompliance in forming our opinion on compliance, which is expressed in the following paragraph.

In our opinion, Minersville Town, Utah, complied, in all material respects, with the general compliance requirements identified above and the requirements governing types of service allowed and unallowed; eligibility; matching, level of effort, or earmarking; reporting, and special tests and provisions that are applicable to each of its major State assistance programs for the year ended June 30, 2005.

  
WILSON & COMPANY  
Certified Public Accountants

Cedar City, Utah  
September 15, 2005

# *Wilson & Company*

Certified Public Accountants / A Professional Corporation

October 31, 2005

Minersville Town  
P.O. Box 159  
Minersville, Utah 84752

We have examined the financial statements of Minersville Town for the year ended June 30, 2005, and have issued our report thereon dated September 15, 2005. As part of our examination, we made a study and evaluation of the Town's system of internal accounting control to the extent we considered necessary to evaluate the system as required by generally accepted auditing standards. The purpose of our study and evaluation was to determine the nature, timing, and extent of the auditing procedures necessary for expressing an opinion on the Town's financial statements. Our study and evaluation was more limited than would be necessary to express an opinion on the system of internal accounting control taken as a whole.

The management of Minersville Town is responsible for establishing and maintaining a system of internal accounting control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of a system are to provide management with reasonable, but not absolute assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles.

Because of inherent limitations in any system of internal accounting control, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

Our study and evaluation was made for the limited purpose described in the first paragraph and would not necessarily disclose all material weaknesses in the system. Accordingly, we do not express an opinion on the system of internal accounting control of Minersville Town taken as a whole. However, our study and evaluation disclosed the following conditions that we believe require the Town's further attention.

### Cash Balance In Checking

We noted during our exam that the average cash balance in checking still exceeded \$160,000.

Due to the fact that funds retained in checking earn .50% or less, we recommend that the Town consider retaining as little as possible in checking and transferring the excess funds to the PTIF accounts in order to maximize interest earnings.

### Budget Compliance

We noted in our exam that expenditures in the General Fund related to operating transfers out exceeded the adopted budget.

The Town must closely monitor the approved budget to ensure that expenditures stay within the limit of the budget.

### Water Fund

We noted during the exam that the net income of the Water Fund declined from the previous year.

We suggest that the Town closely monitor the progress of the Water Fund and take steps, if necessary, to strengthen the net income of this fund. Doing so will keep the fund in a position to satisfy bond rate covenants and provide sufficient funds to replace assets as needed.

### Fixed Asset Accounting System

We noted during our audit that the Town's fixed asset management system did not agree with the accounting records and carried over some incorrect balances from the prior year.

We recommend that the Town work with Caselle to make the required corrections to the system.

The previous conditions were considered in determining the nature, timing, and extent of the audit tests applied in our examination of the Town's June 30, 2005, financial statements.

Minersville Town  
October 31, 2005  
Page 2

Our comments are intended to be constructive in nature. The absence of positive or complementary comments does not imply that the Town operates in an inefficient or ineffective manner. We welcome the opportunity to discuss these conditions in further detail and express our appreciation to the staff for their assistance during the examination.

This report is intended solely for the use of management and the Utah State Auditors Office and should not be used for any other purpose.

Sincerely,

  
WILSON & COMPANY  
Certified Public Accountants

MINERSVILLE TOWN  
60 West Main St.  
P.O. Box 159  
Minersville, Utah 84752  
(435) 386-2242

December 7, 2005

Wilson & Company  
P.O. Box 1110  
Cedar City, Utah 84721

In a meeting of the Minersville Town Council, the management letter was read and the following comments are in response to the points that need to be addressed.

Cash Balance in Checking

The average cash balance in checking still exceeded \$160,000. The excess funds will be transferred to the PTIF accounts in order to maximize interest earnings.

Budget Compliance

The Town will be more diligent in monitoring the approved budget to ensure that expenditures stay within the limit of the budget.

Water Fund

The net income from the Water Fund declined from the previous year because of more moisture and the water rate formula that encourages conservation. Also costs of power and supplies increased. The Town will closely monitor the fund and take steps if necessary to strengthen the net income of this fund.

Fixed Asset Accounting System

The Town Clerk will work with Caselle to make the required corrections to the system.

Sincerely,



Sue M. Carter Minersville Town Clerk